

Alterna Bank - Quarterly Reporting

Residential Mortgage and Home Equity Lines of Credit (HELOC) Portfolio

Average LOAN TO VALUE ON NEWLY ORIGINATED UNINSURED RESIDENTIAL MORTGAGES AND HELOCS by Geographic location is:

PROVINCE	Q1, 2018	Q2, 2018	Q3, 2018	Q4, 2018
Ontario	73.14%	71.91%	71.10%	69.56%
Manitoba	0.00%	0.00%	1.56%	0.00%
Quebec	75.50%	70.55%	75.37%	69.81%
Total Newly Originated	73.58%	71.71%	72.40%	69.66%

AMORTIZATION PERIOD OF TOTAL RESIDENTIAL MORTGAGES AND HELOCS (%)

AMORTIZATION	Q1, 2018	Q2, 2018	Q3, 2018	Q4, 2018
	%	%	%	%
25 years or fewer	83.02%	86.79%	87.55%	81.58%
25 - 30 years	16.86%	13.21%	12.45%	18.42%
30 - 35 years	0.12%	0.00%	0.00%	0.00%
35 - 40 years	0.00%	0.00%	0.00%	0.00%
Over 40 years	0.00%	0.00%	0.00%	0.00%
Total	100.00%	100.00%	100.00%	100.00%

TOTAL RESIDENTIAL MORTGAGE LOANS AND HELOCS - INSURED VS UNINSURED (\$ 000's) (%)

	Q1, 2018		Q2, 2018		Q3, 2018		Q4, 2018	
	\$	%	\$	%	\$	%	\$	%
Insured*	244,071	47.98%	309,796	52.97%	392,459	54.10%	398,490	57.20%
Uninsured	264,629	52.02%	275,032	47.03%	332,915	45.90%	298,142	42.80%
Total	508,700	100.00%	584,828	100.00%	725,374	100.00%	696,632	100.00%

*Insured refers to mortgages insured against loss caused by default on the part of the borrower under a loan secured by real property.

TOTAL RESIDENTIAL MORTGAGE LOANS AND HELOCS - INSURED VS UNINSURED BY GEOGRAPHIC LOCATION (\$ 000's)

PROVINCE		Q1, 2018		Q2, 2018		Q3, 2018		Q4, 2018	
		\$	%	\$	%	\$	%	\$	%
AB	insured	28,139	5.53%	41,807	7.15%	63,354	8.73%	62,536	8.98%
	uninsured	2,334	0.46%	217	0.04%	1,712	0.24%	218	0.03%
BC	insured	35,159	6.91%	49,904	8.53%	80,000	11.03%	78,714	11.30%
	uninsured	58,977	11.59%	60,507	10.35%	71,803	9.90%	65,762	9.44%
MB	insured	3,617	0.71%	6,605	1.13%	9,537	1.31%	8,528	1.22%
	uninsured	1,461	0.29%	1,345	0.23%	2,227	0.31%	1,358	0.19%
NB	insured	736	0.14%	730	0.12%	1,612	0.22%	1,510	0.22%
	uninsured	162	0.03%	160	0.03%	157	0.02%	155	0.02%
NL	insured	522	0.10%	518	0.09%	748	0.10%	1,016	0.15%
	uninsured	479	0.09%	476	0.08%	747	0.10%	468	0.07%
NS	insured	1,526	0.30%	4,136	0.71%	850	0.12%	1,030	0.15%
	uninsured	706	0.14%	700	0.12%	907	0.13%	690	0.10%
ON	insured	111,489	21.92%	133,671	22.86%	156,205	21.54%	167,219	23.99%
	uninsured	130,731	25.70%	143,920	24.60%	183,406	25.28%	165,340	23.74%
PE	insured	203	0.04%	200	0.03%	3,849	0.53%	197	0.03%
	uninsured	-	0.00%	-	0.00%	-	0.00%	-	0.00%
QC	insured	54,003	10.62%	57,110	9.77%	65,395	9.02%	59,898	8.60%
	uninsured	67,136	13.20%	66,257	11.33%	70,391	9.70%	63,013	9.05%
SK	insured	8,677	1.71%	15,115	2.58%	10,909	1.50%	17,842	2.56%
	uninsured	2,643	0.52%	1,450	0.25%	1,565	0.22%	1,138	0.16%
Total	insured	244,071	47.98%	309,796	52.97%	392,459	54.10%	398,490	57.20%
	uninsured	264,629	52.02%	275,032	47.03%	332,915	45.90%	298,142	42.80%

Commentary

Management conducted a credit risk stress test in which properties in our geographical markets would be significantly devalued. The test indicated that this could result in a moderate increase in mortgage defaults which would lead to a moderate increase in the provision for loan losses and collection costs as well as a small reduction in net interest income. Management believes the Bank is well capitalized to absorb such losses.